

AMENDED IN SENATE JUNE 13, 2016

AMENDED IN ASSEMBLY MARCH 16, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2366

Introduced by Assembly Member Dababneh
(Coauthor: Assembly Member Brown)

February 18, 2016

An act to amend Section 10235.52 of the Insurance Code, relating to long-term care insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2366, as amended, Dababneh. Long-term care insurance.

Existing law provides for the regulation of long-term care insurance, as defined, and requires the Insurance Commissioner to review and approve individual and group policies, certificates, riders, and outlines of coverage. Existing law requires every long-term care policy to contain a provision that, in the event the insurer develops new benefits or benefit eligibility or new policies with new benefits or benefit eligibility not included in the previously issued policy, the insurer shall grant specified current policyholders certain rights, namely notifying the policyholders of the new benefits or benefit eligibility or new policy within 12 months and offering the new benefits or benefit eligibility to those policyholders, as specified. The insurer is required to file the notice to current policyholders with the Department of Insurance at the same time as the new policy or rider.

This bill would ~~exempt life insurance-based combination policies that include long-term care coverage provisions from the above-described requirements.~~ *require the insurer to notify the*

policyholder of the availability of the new benefits or benefit eligibility or the new policy within 12 months of the date that the new policy series is made available for sale in this state. The bill would limit new benefits or benefit eligibility to including coverage for new long-term care services or providers that are material in nature, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10235.52 of the Insurance Code is
2 amended to read:

3 10235.52. (a) Each policy shall contain a provision that, if the
4 insurer develops new benefits or benefit eligibility or new policies
5 with new benefits or benefit eligibility not included in the
6 previously issued policy, the insurer shall grant current holders of
7 its policies who are not in benefit or within the elimination period
8 all of the following rights:

9 (1) The insurer shall notify the policyholder of the availability
10 of the new benefits or benefit eligibility or new policy within 12
11 ~~months~~ *months of the date that the new policy series is made*
12 *available for sale in this state.* The insurer shall file the notice with
13 the department at the same time as the new policy or rider.

14 (2) The insurer shall offer the policyholder new benefits or
15 benefit eligibility in one of the following ways:

16 (A) By adding a rider to the existing policy and paying a separate
17 premium for the new benefits or benefit eligibility based on the
18 insured's attained age. The premium for the existing policy shall
19 remain unchanged based on the insured's age at issuance.

20 (B) By replacing the existing policy or certificate in accordance
21 with Section 10234.87.

22 (C) By replacing the existing policy or certificate with a new
23 policy or certificate in which case consideration for past insured
24 status shall be recognized by setting the premium for the
25 replacement policy or certificate at the issue age of the policy or
26 certificate being replaced.

27 (b) The insured may be required to undergo new underwriting,
28 but the underwriting can be no more restrictive than if the
29 policyholder or certificate holder were applying for a new policy
30 or certificate.

1 (c) The insurer of a group policy as defined under subdivisions
2 (a) to (c), inclusive, of Section 10231.6 shall offer the group
3 policyholder the opportunity to have *coverage for* the new benefits
4 and provisions extended to existing certificate holders, but the
5 insurer is relieved of the obligations imposed by this section if the
6 holder of the group policy declines the issuer's offer.

7 ~~(d) The provision described in subdivision (a) shall not be~~
8 ~~required for life insurance-based combination policies that include~~
9 ~~long-term care coverage provisions.~~

10 (d) *For purposes of this section, benefits or benefit eligibility*
11 *shall include coverage for new long-term care services or providers*
12 *that are material in nature and shall not include changes to policy*
13 *structure, benefits, or provisions that are minor in nature. Changes*
14 *that are minor in nature include, but are not limited to, changes*
15 *in elimination periods, benefit periods, and benefit amounts.*

16 (e) *This section does not apply to life insurance policies or*
17 *riders containing accelerated long-term care benefits.*